

AMENDMENT TO H.R. 1852
OFFERED BY MR. HODES OF NEW HAMPSHIRE

Page 38, after line 2, insert the following new section:

1 **SEC. 20. FAILURE TO PAY AMOUNTS FROM ESCROW AC-**
2 **COUNTS FOR SINGLE FAMILY MORTGAGES.**

3 (a) PENALTIES.—Section 536 of the National Hous-
4 ing Act (12 U.S.C. 1735f–14) is amended—

5 (1) in subsection (a)(1), by inserting “servicers
6 (including escrow account servicers),” after “ap-
7 praisers”;

8 (2) in subsection (b)(1)—

9 (A) in the matter preceding subparagraph
10 (A), by inserting “or other participant referred
11 to in subsection (a),” after “lender,” ; and

12 (B) by inserting at the end the following
13 new subparagraphs:

14 “(K) In the case of a mortgage for a 1- to
15 4-family residence insured under title II that
16 requires the mortgagor to make payments to
17 the mortgagee or other servicer of the mortgage
18 for deposit into an escrow account for the pur-
19 pose of assuring payment of taxes, insurance

1 premiums, and other charges with respect to
2 the property, failure on the part of the servicer
3 to make any such payment from the escrow ac-
4 count by the deadline to avoid a penalty with
5 respect to such payment provided for in the
6 mortgage, unless the servicer was not provided
7 notice of such deadline.

8 “(L) In the case of any failure to make
9 any payment as described in subparagraph (K),
10 submitting any information to a consumer re-
11 porting agency (as such term is defined in sec-
12 tion 603(f) of the Fair Credit Reporting Act
13 (15 U.S.C. 1681a(f))) regarding such failure
14 that is adverse to the credit rating or interest
15 of the mortgagor.”; and

16 (3) in subsection (c)(3), by adding at the end
17 the following: “In the case of any failure to make a
18 payment described in subsection (b)(1)(K) for which
19 the servicer fails to reimburse the mortgagor (A) be-
20 fore the expiration of the 60-day period beginning on
21 the deadline to avoid a penalty with respect to such
22 payment, in the sum of the amount not paid from
23 the escrow account by such deadline and the amount
24 of any penalties accruing to the mortgagor that are
25 attributable to such failure, or (B) in the amount of

1 any attorneys fees incurred by the mortgagor and
2 attributable to such failure, the Secretary shall in-
3 crease the amount of the penalty under subsection
4 (a) for any such failure to reimburse, unless the Sec-
5 retary determines there are mitigating cir-
6 cumstances.”.

7 (b) PROHIBITION ON SUBMISSION OF INFORMATION
8 BY HUD.—Title II of the National Housing Act (12
9 U.S.C. 1707 et seq.) is amended by adding at the end
10 the following new section:

11 **“SEC. 257. PROHIBITION REGARDING FAILURE ON PART OF**
12 **SERVICER TO MAKE ESCROW PAYMENTS.**

13 “In the case of any failure to make any payment as
14 described in section 536(b)(1)(K), the Secretary may not
15 submit any information to a consumer reporting agency
16 (as such term is defined in section 603(f) of the Fair Cred-
17 it Reporting Act (15 U.S.C. 1681a(f))) regarding such
18 failure that is adverse to the credit rating or interest of
19 the mortgagor.”.